GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:529
ANSWERED ON:03.05.2005
SPECIAL ECONOMIC ZONE
Nahata Smt. P. Jaya Prada;Patil Shri Shriniwas Dadasaheb

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the criteria stipulated to consider a manufacturing industry fit for Special Economic Zone and the facilities extended to such units;

(b) details of the manufacturing units established in Special Economic Zones in the country during last three years;

(c) whether any new facility has been introduced for the year 2005-06;

(d) number of Special Economic Zones established after the annoucement of the new Exim Policy;

(e) details of FDI received for setting up Special Economic Zones;

(f) measures taken by the Government to bring legislation on SEZ; and

(g) the details of the benefits that are expected from this Act?

Answer

MINISTER OF COMMERCE AND INDUSTRY (SHRI KAMAL NATH)

(a): Manufacturing units in Special Economic Zones (SEZs) need to be positive foreign exchange earners. Major incentives and facilities offered to these units include duty free import/procurement of goods , exemption from Central sales tax on supplies from domestic tariff area, exemption from service tax, 100% income tax exemption on export profits for 5 years, 50% for 2 years and not exceeding 50% of profits ploughed back, for next 3 years.

(b) to (g): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (b) TO (g) OF LOK SABHA STARRED QUESTION NO. 529 FOR ANSWER ON 3.5.2005 REGARDING SPECIAL ECONOMIC ZONE.

(b): Manufacturing units established in the SEZs during the last 3 years broadly fall under the product groups of electronics, engineering goods, gems and jewellery, textiles and garments, pharmaceuticals, chemicals and agro-products.

(c): Rendering of services by SEZ units to another SEZ unit, Export Oriented Units, units in Electronics Hardware Technology Parks, Software Technology Parks and Bio-Technology Parks have also been made eligible for counting towards fulfillment of positive net foreign exchange earnings.

(d): Approval has so far been given for setting up of 10 SEZs in the private/joint sector or by the State Governments or its agencies after the announcement of the Foreign Trade Policy in August, 2004.

(e): No inflow of FDI for setting up of approved SEZs in the private/joint /State sector has been reported so far.

(f) & (g): A proposal for introduction of a Special Economic Zone Bill in the Parliament is under the consideration of the Government. The proposed legislation is expected to provide a stable and transparent policy regime covering all aspects of establishment, operation and fiscal regime for SEZs.